

4.1 DOR Role

The Department of Revenue plays many different roles in administering the Tax Incremental Finance Law. They are identified in the Wi. Statutes and include determining and certifying TIF property values, receiving notification and approving TIF applications, monitoring compliance with certain mixed-use development requirements, and creating and updating a manual on the tax incremental finance program. To do these jobs, the DOR must create and maintain numerous forms and reports, to collect and share information. There are two other duties covered in this Chapter. The DOR has review functions when Joint Review Boards make such requests, and the DOR can determine on a case by case basis, if substantial justice has been met by the municipality in creating or amending a TID.

Procedural Responsibilities

Determine Property Values – One of DOR's primary roles is establishing the equalized value of property throughout the state. Briefly, the equalized value is an estimate of the market value of all non-agricultural property plus the use value of agricultural lands of a municipality. It is computed independent from the estimate of the local assessor. Equalized property values by class are used by DOR to calculate the base value of a TID in the year of creation [66.1105 (2)(j)], and when the TID base is adjusted due to territory addition or subtraction. Equalized values are also used to establish the value increment in each subsequent year [66.1105 (2)(m)]. The statute requires that, when certifying a new or amended TID, the DOR will use the most recent equalized values reported before the creation or amendment date.

Please note: The most recently established equalized values will be used when establishing base values for a new or amended TID; when subtracting territory, however, the DOR will use the values from the year the property was put into the TID.

Municipal leaders are restrained in their use of TIF based on the equalized value as determined by DOR. The TIF creation or amendment resolution must contain a finding that "the equalized value of taxable property of the (new/amended) district plus the value increment of all existing districts does not exceed 12 percent of the total equalized value of taxable property within the municipality" [66.1105 (4)(gm) 4.c.]. This finding is called the "[12% capacity limit](#)". The local legislative body must use the most recently reported equalized values to do this calculation when creating/amending a district.

Upon receipt of the application packet from the municipal clerk, the DOR shall determine the full aggregate value of the taxable property and of qualified municipal-owned property in the TID. This aggregate valuation is certified to the clerk, and sub. 66.1105 (5)(b) sets that value to be the tax incremental base for the district. In the case of a territory amendment, the application constitutes a request to redetermine the base value. The DOR is authorized by sub. 66.1105 (5)(a) to collect a \$1000 fee for base value determination or redetermination. When a territory amendment both adds property to and

subtracts property from the TID, the base value must be redetermined twice, and accordingly the DOR is authorized to collect a \$2000 fee.

Notification – TIF Law requires the DOR to receive notice about creation, amendments and termination of TIDs throughout the year. According to 66.1105 (5)(b), if the municipality estimates that more than 35% of the territory in the district will be devoted to retail use at the end of the maximum expenditure period, they must report that estimate to DOR. Municipal clerks are required by s. 66.1105 (5)(cm) to notify the DOR in writing [on a form prescribed by DOR](#) (PE-209) before May 15 of any amendments that have been adopted, or TIDs that have been terminated. In addition to this form, clerks shall give notice, by fax, letter, or e-mail, to DOR within 60 days of adoption of the resolutions.

Separate from this form, municipalities are required to give the DOR written notice within 60 days of the termination of a TID by fax, mail or e-mail. The termination dates for TIDs under a variety of circumstances are spelled out in sub. 66.1105 (7). The effective date of termination depends on when the notice is received by DOR. If the notice of termination is received on or before May 15, no increment will be certified for the following tax year. If the notice comes on or after May 16 the increment for the following tax year will be certified. For example, a termination notice received on May 1, 2005 will mean that no increment will be included in the levy for 2005, collected in 2006. If the termination notice is received on June 1, 2005, there will be an increment certified for 2005 and it will be collected with the taxes paid in 2006.

Please note: Termination reporting requires both the online termination report ([PE-110](#)) and the final accounting expanded report – an [Excel file](#) that captures a year-by-year breakdown of revenues and expenditures.

After the DOR receives the notice of termination required in 66.1105 (8)(a), the municipality and the DOR must agree on a date at which time they will submit the final accounting to DOR. The [Final Accounting for Terminated TID Agreement](#) form (PE-223) must be completed and filed with DOR.

The [TID Final Accounting Report](#) (PE-110) will be sent to DOR electronically, and must be accompanied by an [Excel spreadsheet](#) file. If the final report is not received by DOR by the date agreed, the DOR is authorized under sub. 66.1105 (8)(d) to refuse to certify the tax incremental base of any new or territory amendment TID until the report is received. The final accounting must include 1) a final accounting of all expenditures, 2) the total amount of project costs incurred by the municipality, 3) the total amount of positive tax increments received by the municipality, and 4) the total amount of project costs that have not been paid for with increments and will become obligations of the municipality. More on this process can be found in [2.4 TIF Termination](#).

Please note: If the final accounting cannot be submitted by the agreed date, an e-mail notice should be sent to DOR with a reason for the delay and a new date for submission.

When the municipality decides to terminate a TID, DOR suggests that they send a notice to each of the overlying taxing jurisdictions (schools, technical college, county, sewer, lake protection and rehabilitation, etc.). This notice should inform them of the plans to terminate the TID so they can better prepare for the return of the TID property values back to the tax roll. If, as the date of termination approaches, a municipality decides to ask the Joint Review Board to extend the life of the district, DOR must receive notice of this decision at least one year in advance of the date a TID is required to terminate. If this notice is not submitted, sub. 66.1105 (8)(e) gives DOR the right to deny the extension.

In addition to receiving notice about certain events, the Department is also required to annually give notice to the chief finance officials of all the overlying taxing jurisdictions of the equalized value of the property in the TIDs in their district. This written notice is sent annually by September 1.

Approval – DOR may not certify the base value of a newly proposed TID if the "procedures and documents" required in 66.1105 (4)(a), (b), (gm), or (h), and (5)(b) are not timely completed and notices timely given. The department may not certify the base until it reviews and approves the findings of 66.1105(4)(gm)4.c. (the 12% TID capacity limitation). The actions referred to above are the required public hearings (a), the designation of boundaries (b), the creation resolution (gm), project amendments of all kinds (h), and the request for a base certification (5)(b).

Please Note: It is NOT THE DOR ROLE to review the facts supporting any document adopted or action taken to comply with the above listed sections.

Annual Increment – The DOR authorizes the allocation of tax increments every year after the base year, once the TID application has been approved. Annually, the clerk must submit one copy of the [Tax Increment Certification](#) report (PE-209) before the 15th of May for each TID they have. This must be done every year to request that the DOR certify an increment. The assessor must also submit the Assessors Final Report to their DOR District Office before the second Monday in June. The facts supporting these documents are not subject to review. If a timely report is not received, the Department will use the previous year's non-manufacturing certified equalized value. As a result, any additions or corrections will be lost for that year and no statutory adjustments will be made.

Please Note: It is NOT THE ROLE OF THE DOR to calculate, capture, collect, distribute or expend the tax increment for any TID in any municipality.

TIF Manual

The Department of Revenue has the power to "[create, and update, a manual](#)" on the TIF program in Wisconsin. Section 73.03 (57) lists items that should be in the manual, such as rules, common problems, side effects and any other data the DOR deems appropriate. Never before covered comprehensively, this manual was a great undertaking for DOR staff, and will be a fantastic tool to help local officials understand the TIF program and

comply with DOR requirements. DOR is also allowed to gather input from outside parties when creating and updating the manual.

To get the input of people who would use this resource, DOR started the manual process by getting a Focus Group together. We succeeded in getting representation from all areas of TIF users such as municipal officials, advisors/consultants, and officials that serve on Joint Review Boards. This group provided ideas for the layout and the interface of the manual, and guided the compilation of the topics that are covered. As the editing and publishing moves forward we will keep the Focus Group involved in maintaining a high quality document that is helpful to TIF users.

By compiling instructions for TIF, and laying out procedures for compliance, the DOR hopes to increase consistency of information and organization in our records. Better data could then be captured to know how TIF is being used across different communities. As the law changes, the manual will help to keep users apprised of updates. Changes to the law also require DOR to track the growth in the number of TIDs and the increasing number of amendments to the districts. These data allow DOR to provide a statistical snapshot of the TIDs in Wisconsin, and that will help local officials better understand how the use of TIF is affecting property tax collections.

Training and Advice – In addition to the formal documents and publications offered by the DOR, TIF staff members participate in workshops and conferences around the state. This allows the TIF Team to talk with TIF users and answer questions face-to-face.

Consultants and professional associations of all different kinds offer great training workshops for TIF users. By taking part in these presentations, TIF updates can reach many people at once. The TIF Team also offers a one-stop destination for all TIF related questions. Send your questions to tif@dor.state.wi.us and the message will get delivered to all the members of the Team. This means that no matter who is available to respond first, you will get the fastest service available. This address can be used to submit electronic files (such as the expanded reporting file for terminated TIDs).

Please note: The DOR does not approve or deny specific project costs for a TID. Project costs should be decided upon by each municipality in consultation with their legal counsel.

We also use e-mail to communicate with users on specific questions, to share legal updates, or to announce new tools and resources on our website. The TID E-mail List currently has about 500 subscribers who get regular updates and announcements from the TIF Team. Subscription is free and totally voluntary. [Sign up at this site](#) by selecting the TIF/TID list, and enter your e-mail address. The addresses are only used for sending these e-mails, and you are free to unsubscribe at any time by following the instructions contained in each message. In addition to conferences and electronic communication, the most common way we help TIF users is through phone calls. We provide our contact numbers on many pages of our website, and we get dozens of calls each week, but we encourage e-mail questions because they are more efficient to handle.